

CHARLES P. TURNBURKE
VICE PRESIDENT FINANCE

NATIONAL RAILWAY UTILIZATION CORP.

1100 Centre Square East / 1500 Market Street / Philadelphia, Pennsylvania 19102 / (215) 569-2220

10906
RECORDATION NO. Filed 1425

October 19, 1979

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OCT 19 1979 - 11 55 AM

No. S-292A-30 OCT 19 1979 - 11 55 AM

Mrs. Millie R. Lee
Interstate Commerce Commission
Room 2303
12th & Constitution Avenues, N.W.
Washington, DC 20423

Date OCT 19 1979 INTERSTATE COMMERCE COMMISSION

Fee \$ 100.00

ICC Washington, D. C.

Dear Mrs. Lee:

It is respectfully requested that the following documents be filed according to 49 U.S.C. 11303 of the Interstate Commerce Commission Act:

1. Security Agreement dated as of October 19, 1979 between National Railway Utilization Corporation and Railfleet Corporation as debtors and United States Trust Company of New York as secured party.
2. Revolving Credit Agreement dated as of October 19, 1979 between National Railway Utilization Corporation and Railfleet Corporation and United States Trust Company of New York.

The addresses of the parties to the transaction are as follows:

National Railway Utilization Corporation
1100 Centre Square East
1500 Market Street
Philadelphia, PA 19102

Railfleet Corporation
P. O. Box 3041
Old Grove Road
Greenville, SC 29602

United States Trust Company of New York
45 Wall Street
New York, NY 10005

The agreements cover one-hundred sixteen, 50 foot - 6 inch, 70 ton, general purpose boxcars bearing an XM mechanical designation and the road numbers NSL 151637, 151722 - 151749, PICK 081115 - 081126, PT 206099, NSL 156125 - 156148, NSL 157110 - 157159.

Sincerely,

Charles P. Turnburke

CPT/km

Enc.

Handwritten notes:
C. Quast
Karon McAllen

REVOLVING CREDIT AGREEMENT OCT 19 1979 - 11 55 AM

Dated October 19, 1979 between NATIONAL INTERSTATE COMMERCE COMMISSION CORPORATION, 1100 Centre Square, 1500 Market Street, Philadelphia, Pennsylvania and its wholly owned subsidiary, RAIL FLEET CORPORATION (collectively NRUC), and UNITED STATES TRUST COMPANY OF NEW YORK, 45 Wall Street, New York, New York 10005 (USTC).

WHEREAS, the parties desire to enter into an agreement whereby USTC may make available to NRUC a revolving credit on the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the premises and other valuable considerations, USTC and NRUC hereby agree as follows:

1. Revolving Credit. (a) On the date of this Agreement USTC will establish and thereafter will maintain an account on its books with respect to NRUC. Each advance made by USTC to NRUC hereunder shall be debited to such account by recording therein on the date of such advance a debit entry in the amount of such advance. Each payment by NRUC to USTC for credit to such an advance shall be credited thereto by recording in such account on the date of such payment a credit entry in the amount thereof.

(b) USTC may (but shall not be obligated to), subject to the terms and conditions of this Agreement and at the request of NRUC, make advances to NRUC from time to time and at any time from the date of this Agreement until May 1, 1980; provided, however, that at no time shall the aggregate of the outstanding amounts advanced hereunder exceed \$5,000,000.

(c) NRUC will repay, in funds immediately available in New York, New York, the entire principal amount of each advance within 90 days from the date such advance was made.

2. Interest and Compensating Balance. (a) On the first business day of each month NRUC shall pay to USTC interest in arrears for the preceding month on the aggregate daily amount of advances outstanding hereunder. Such interest shall be paid at a rate per annum, determined daily and computed on the basis of a 360-day year consisting of twelve 30-day months, equal to one percentage point above the base rate (the "Prime Rate") as announced from time to time by USTC to be in effect for unsecured loans for 90 days or less to its most credit-worthy commercial borrowers. Each change in the rate of interest hereunder due to a change in the Prime Rate shall be effective on the effective date of such change in the Prime Rate.

(b) NRUC agrees, from the date hereof until August 1, 1980, to maintain an aggregate collected cash balance of at least \$250,000 in a non-interest bearing demand account with USTC.

3. Events of Default. If at any time: (a) NRUC defaults in the payment of any sum due to USTC under this Agreement; or (b) USTC reasonably concludes that any financial statement or other writing, (including this Agreement and the Security Agreement described below

(the "Security Agreement") delivered by or on behalf of NRUC contains any misrepresentation or misleading omission; or (c) NRUC becomes insolvent (however evidenced), commits any act of bankruptcy, makes a general assignment for the benefit of creditors, suspends the transaction of usual business or any substantial part thereof, liquidates or takes any step looking toward liquidation, makes or gives any notice of a bulk sale or admits in writing the inability to pay debts as they mature; or (d) any petition in bankruptcy or insolvency or for any form of reorganization, composition, extension, appointment of a receiver or other similar relief of debts under state or federal law is filed by or against NRUC and is not dismissed within sixty (60) days; or (e) any proceeding, procedure or remedy supplementary to or in enforcement of a judgment is resorted to or is commenced against NRUC or with respect to any property of NRUC; or (f) any committee of creditors of NRUC is appointed or any meeting of NRUC's creditors is called; or (g) any receiver, court or governmental authority takes possession or control of any substantial part of the property of NRUC or its affairs; then such shall constitute an Event of Default and all amounts outstanding from NRUC to USTC pursuant to the terms of this Agreement shall become immediately due and payable; provided, however, that USTC by notice in writing may waive, suspend or modify the effect of any such Event of Default either before or after the same shall have occurred. Notwithstanding anything herein contained to the contrary, USTC shall not be entitled to collect interest hereunder in excess of the maximum amount permitted under any applicable law. NRUC shall pay all expenses (including reasonable attorneys' fees) incurred by USTC in connection with any Event of Default or the enforcement of any remedy contained in this Agreement. USTC may, in addition to any other remedies under this Agreement, require payment of additional interest at a rate per annum equal to four percentage points above the Prime Rate on the amount of any payment due under this Agreement which remains unpaid more than ten (10) days after its due date as set forth above, to the extent that such charge is not prohibited by applicable law.

4. Security Interest. For each \$40,000 advanced by USTC to NRUC pursuant to the terms of this Agreement, NRUC shall grant to USTC a security interest in certain completed but undelivered railroad boxcars selected by NRUC and reasonably acceptable to USTC (The Equipment). The terms of the grant of that security interest shall be contained in a Security Agreement between NRUC and USTC dated as of October 19 , 1979 and attached to this Agreement as Exhibit A.

5. Representations and Warranties. NRUC represents and warrants as follows:

A. Incorporation, etc. NRUC, is a corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina, has the requisite corporate power and authority to own its properties and to carry on its business as now being conducted and

to enter into, execute and perform its respective obligations under this Agreement, has duly authorized the execution, delivery and performance of this Agreement, and is duly qualified as a foreign corporation in each jurisdiction wherein the character of the property owned or the nature of the activities conducted by it makes such qualification necessary.

B. Valid Obligation. NRUC has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement and the Security Agreement and each such Agreement constitutes the legal, valid and binding obligation of NRUC, enforceable in accordance with its terms. The execution, delivery and performance of this Agreement and the Security Agreement (including any schedule thereto) by NRUC, will not violate any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which NRUC is a party, or by or under which it or its property is bound, or be in conflict with, result in a breach of, or constitute a default under such indenture, agreement or other instrument.

C. Financial Statements. NRUC has delivered to USTC copies of (i) the consolidated balance sheet of NRUC as of December 31, 1978 and the related consolidated statements of earning and changes in financial condition for the year then ended, with the report thereon of Ernst & Ernst, Certified Public Accountants. Such financial statements (including the related schedules and notes) fairly present the financial condition of NRUC as of that date and the results of operations for the period covered by said statement of earnings and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved. NRUC, has no knowledge of any liabilities, which are material in the aggregate, not reflected in said balance sheet as of said date. Since December 31, 1978 there has not been any material adverse change in the business, operations or principal properties of NRUC.

D. Certification. NRUC is a common carrier by railroad subject to the Interstate Commerce Act and such rules and regulations as are prescribed thereunder by the Interstate Commerce Commission. No proceedings are pending, or, so far as is known to any officer of NRUC, threatened, to alter, amend, modify, suspend or revoke the status of NRUC as a common carrier by railroad.

E. Title, etc. NRUC will have good and marketable title to the Equipment, which is free and clear from any liens or encumbrances, other than the security interest of USTC. NRUC is not a party to any other security agreement or other agreement which grants or which purports to grant a security interest in the Equipment.

F. Litigation. There is no action, suit or proceeding (whether or not purportedly on its behalf) pending or threatened against or affecting NRUC or any of its properties in any court or before or by any governmental body or any arbitrator, which, if adversely determined will materially impair the ability of NRUC to perform its obligations under this Agreement or the Security Agreement or which might, individually or in the aggregate with other such actions, suits or proceedings, materially adversely affect the business, operations, affairs, properties or condition of NRUC or materially impair the right of NRUC to carry on its business substantially as now conducted. (However, NRUC advises USTC that the Southern Freight Association has filed with the Interstate Commerce Commission a proposed tariff schedule which would charge to each shipper a \$200 surcharge on boxcars owned, leased or managed by a certain group of approximately 65 railroads, including NRUC. NRUC does not expect this proposed tariff, if adopted by the Interstate Commerce Commission, to have a materially adverse impact on the operations or financial condition of NRUC.) There is no default by NRUC under any applicable order, writ, injunction, decree, determination or award of any court, governmental body or arbitrator. For purposes of this paragraph, the term "governmental body" includes any federal, state, municipal or other governmental or inter-governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign; and the term "order" includes any judgment, order, writ, injunction, award, determination, direction, decree or demand.

G. Governmental Approvals, etc. No consent, approval or authorization of, or registration, declaration or filing with, any governmental authority, federal or state, is required for the valid execution, delivery and performance of this Agreement or the Security Agreement.

H. Condition of Equipment. Each unit of the Equipment conforms in design, quality and component parts to all Department of Transportation and Interstate Commerce Commission requirements and specifications for new equipment and to all standards required by the Association of American Railroads.

6. Conditions Precedent to Closing. Upon USTC's having decided to make an advance hereunder, each such advance of funds hereunder shall be subject to the following conditions:

A. Proceedings and Instruments. All proceedings and instruments relating to the making of this Agreement and such advance shall be

satisfactory to USTC and its counsel. USTC shall have received copies of all such documents or other evidence as it may reasonable request.

B. Opinion of Counsel to NRUC. USTC shall have received from Messrs. Wyche, Burgess, Freeman & Parham, P.A., General Counsel to NRUC, their opinion as to:

(1) the due incorporation, existence and good standing of NRUC, and the corporate power and authority of NRUC to enter and perform its obligations under this Agreement and the Security Agreement;

(2) the due authoritization, execution and delivery by NRUC of this Agreement and the legality, validity, binding effect and enforceability of said agreement, in accordance with its terms including the obligation of NRUC to pay on termination, or in the event of a default the full amount of any advances then outstanding together with accrued interest.

(3) the due qualification and good standing of NRUC in each jurisdiction wherein the character of its properties or the nature of its business make such qualification necessary, except in jurisdictions in which failure to so qualify has no material adverse effect on the conduct of the business of NRUC;

(4) the absence of any requirement for any consent, approval or authorization of, or registration, declaration or filing with, any governmental authority, federal or state, of the United States for the valid execution, delivery and performance of this Agreement or the Security Agreement;

(5) USTC, having a valid, perfected and existing first lien and security interest in the Equipment free and clear of all liens, charges and encumbrances of others except liens arising through USTC.

(6) NRUC being a common carrier by railroad and said counsel having no knowledge of any proceedings pending or threatened to alter, amend, modify, suspend or revoke such status in whole or in part;

(7) the accuracy of the representations set forth in Section 5 (to the best knowledge of such counsel);

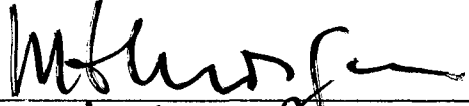
(8) the filing of this Agreement and the Security Agreement with the Interstate Commerce Commission pursuant to 49 U.S.C. 11303. This opinion may be limited, insofar as it applies to enforceability of agreements, by: (a) a general reference to bankruptcy and similar laws; (b) the assumption that the law of New York is the same as the law of South Carolina; (c) the assumption that USTC has duly authorized, executed and delivered all agreements or instruments required to be delivered by it, and (d) the limitation that any remedy of specific performance is discretionary with the court.

7. Notices. Any notices required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, certified mail, return receipt requested and postage prepaid, and sent to the addresses specified at the beginning of this Agreement.

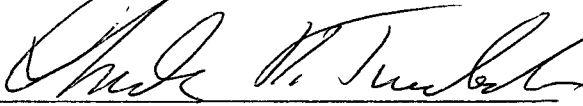
8. New York Contract. This Agreement shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed, as of the day and year first written above.

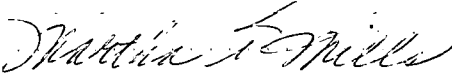
UNITED STATES TRUST COMPANY
OF NEW YORK

By 
Assistant Vice President

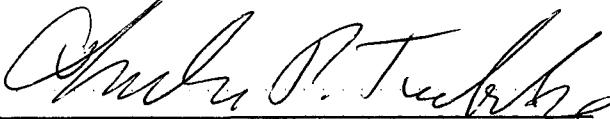
NATIONAL RAILWAY UTILIZATION
CORPORATION

By 
Vice President

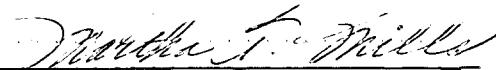
(CORPORATE SEAL)

ATTEST: 
Assistant Secretary

RAIL FLEET CORPORATION

By 
Vice President

(CORPORATE SEAL)

ATTEST: 
Assistant Secretary

STATE OF New York)

COUNTY OF New York)

ACKNOWLEDGMENTS

On this 17th day of October, 1979, before me personally appeared Michael Morgan, to me personally known, who, being by me duly sworn, says that he is an Asst Vice President of UNITED STATES TRUST COMPANY, ~~and the seal affixed to said instrument is the corporate seal of said corporation~~, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Trustees, and said person acknowledged said instrument was the free act and deed of said corporation.

of New York

John B. Stockton
Notary Public

JOHN B. STOCKTON
NOTARY PUBLIC, State of New York
No. 31-4611520
Qualified in New York County
Commission Expires March 30, 1981

STATE OF Pa.)

COUNTY OF Phila.)

On this 18th day of October, 1979, before me personally appeared Charles P. Tardavak, to me personally known, who, being by me duly sworn, says that he is Vice President of National Railway Utilization Corporation, a South Carolina corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said person acknowledge said instrument was the free act and deed of said corporation.

Elsie Marlene Williams
Notary Public

ELSIE MARLENE WILLIAMS
Notary Public, Phila., Phila. Co.
My Commission Expires Oct. 18, 1982

STATE OF Pa.)

COUNTY OF Philadelphia)

On this 18th day of October, 19 77, before me personally appeared Charles P. [unclear], to me personally known, who, being by me duly sworn, says that he is Vice President of Rail Fleet Corporation, a South Carolina corporation, and that the seal affixed to said instrument is the corporate seal of said corporation, and that the said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and said person acknowledged said instrument was the free act and deed of said corporation.

Elsie Marlene Williams
Notary Public

ELSIE MARLENE WILLIAMS
Notary Public, Phila., Phila. Co.
My Commission Expires Oct. 18, 1982

EXHIBIT A

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated October 19, 1979 (the Security Agreement) is between NATIONAL RAILWAY UTILIZATION CORPORATION, and its wholly owned subsidiary, RAIL FLEET CORPORATION (collectively the Debtor) and UNITED STATES TRUST COMPANY OF NEW YORK (the Secured Party).

RECITALS:

A. The Secured Party has advanced, and may from time to time advance certain funds to the Debtor pursuant to a Revolving Credit Agreement between the Debtor and the Secured Party dated as of October 19, 1979.

B. The aggregate outstanding principal amount of each advance and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Debtor under the terms of the Revolving Credit Agreement, or any modification thereof or this Security Agreement are hereinafter sometimes referred to as "indebtedness hereby secured".

C. All of the requirements of law relating to the transaction contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Revolving Credit Agreement have been done and performed.

Section 1 SECURITY INTEREST

1.1 Grant of Security Interest. The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt and sufficiency whereof is hereby acknowledged, and in order to secure the payment of the indebtedness hereby secured and the performance and observance of all covenants and conditions in the Revolving Credit Agreement and in this Security Agreement, does hereby convey, warrant, mortgage, pledge, assign, and grant the Secured Party, its successors and assigns, a first security interest in the collateral (the "Collateral") described in Section 1 hereof.

1.2 Collateral. Collateral includes the completed, but undelivered, railroad box cars described in any schedule to this Security Agreement executed by the Debtor (collectively, the Equipment and individually, an Item of Equipment), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment, any and all substitutions and replacements therefor and any and all proceeds arising therefrom.

1.3 Duration of Security Interest. The Secured Party, its successors and assigns shall have and hold the Collateral forever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Revolving Credit Agreement, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

Section 2. COVENANTS AND WARRANTIES OF THE DEBTOR.

The Debtor covenants, warrants and agrees as follows:

2.1 Debtor's Duties. The Debtor agrees:

a. to cause each item of Equipment to be kept numbered with the identifying number as set forth in the applicable Schedule herein and keep and maintain permanently and conspicuously marked by a label or stencil upon each side of each Item of Equipment in letters not less than one inch in height, the following or similar words: "Ownership Subject to Documents Recorded Pursuant to the Interstate Commerce Act".

b. to cause each Item of Equipment to be maintained and kept in good order, condition and repair, and used and operated, in compliance with any applicable laws and regulations.

c. to provide the Secured Party a current balance sheet and income statement quarterly in a form satisfactory to the Secured Party.

d. to indemnify and hold harmless the Secured Party against all cost, liability or expense (including reasonable attorney's fees) arising out of or resulting from (i) the inaccuracy of any representation or warranty made by the Debtor herein or in the Revolving Credit Agreement or (ii) the interest in the Collateral granted to the Secured Party hereby.

2.2 Warranty of Title. The Debtor has the right, power and authority to grant first a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor. The Debtor also agrees that it will, at its own cost and expense, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral claimed by any party from, through or under the Debtor or its successors or assigns other than the lien established by this Security Agreement.

2.3 Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the continuing perfection of the first security interest being herein provided for in the Collateral.

2.4 Recordation and Filing. The Debtor will cause this Security Agreement and any schedules applicable hereto to be kept, recorded and filed at no expense to the Secured Party in such manner and in such places as may be required by law in order fully to preserve and protect first perfected security interest in all of the collateral granted to the Secured Party hereunder.

Section 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1 Possession of Collateral. So long as no Event of Default shall have occurred hereunder, the Debtor shall be allowed and permitted to remain in full possession, enjoyment and control of the Equipment provided always that the possession, enjoyment and control of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement.

Section 4. DEFAULTS AND OTHER PROVISIONS.

4.1 Events of Default. The term Event of Default shall mean:

(a) An Event of Default, as defined and set forth in the Revolving Credit Agreement; or

(b) a sale, lease, pledge, delivery, placement into service or other disposition of the Collateral without the consent of the Secured Party; or

(c) Default on the part of the Debtor in the due observance or performance of any other covenant or agreement to be observed or performed by the Debtor under this Security Agreement and such default shall continue unremedied for thirty days after written notice from the Secured Party to the Debtor specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty on the part of the Debtor made herein or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Revolving Credit Agreement, or the transactions contemplated herein or therein shall prove to be false or misleading in any material respect when made.

4.2 Secured Party's Rights. The Debtor agrees that when any Event of Default has occurred and is continuing:

(a) The Secured Party shall have and may exercise the rights, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of the state of New York (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), including within such rights of the Secured Party the following;

(b) The Secured Party may, by notice in writing to the Debtor, declare the entire outstanding balance owing pursuant to the Revolving Credit Agreement to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable.

(c) The Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the Collateral, or use and operate or lease the Collateral until sold;

(d) The Secured Party may, if at the time such sale is lawful (subject to compliance with any mandatory legal requirements) either with or without taking possession and with or without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said Collateral, or any part thereof, at public or private sale, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; provided; however, that any such sale should be held in a commercially reasonable manner.

(e) The Secured Party may proceed to protect and enforce this Security Agreement and the Revolving Credit Agreement by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

4.3 Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereon to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full

extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

4.4 Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Debtor in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Debtor,, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Debtor, its successors or assigns.

4.5 Application of Sale Proceeds. The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) First, to the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all property expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Secured Party, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) Second, to the payment of the principal and interest outstanding pursuant to the terms of the Revolving Credit Agreement, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application to be made, first to unpaid principal thereof, and next to unpaid interest thereon.

(c) Third, to the payment of the surplus, if any, to the Debtor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

4.6 Cumulative Remedies. No delay or omission of the Secured Party to exercise any right or power arising from any default on the part of the Debtor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. The Secured Party may exercise any one or more or all of the remedies hereunder and no remedy is

intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing now or hereafter at law or in equity; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 5. MISCELLANEOUS

5.1 Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provisions herein contained unenforceable or invalid.

5.2 Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Secured Party: United States Trust Company
 of New York
 45 Wall Street
 New York, New York 10005

If to the Debtor: National Railway Utilization
 Corporation
 1100 Center Square East
 1500 Market Street
 Philadelphia, Pennsylvania 19102

or to the Debtor or the Secured Party at such other address as the Debtor or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

IN WITNESS WHEREOF, the Debtor and the Secured Party have executed this Security Agreement as of the day and year first above written.

(CORPORATE SEAL)

ATTEST: _____
 ASSISTANT SECRETARY

ATTEST: _____
 ASSISTANT SECRETARY

NATIONAL RAILWAY UTILIZATION CORPORATION
BY: _____
 VICE PRESIDENT
RAIL FLEET CORPORATION
BY: _____
 VICE PRESIDENT

UNITED STATES TRUST COMPANY
OF NEW YORK

ATTEST:

SCHEDULE
DESCRIPTION OF EQUIPMENT

Description of boxcars

70 ton 50'6" rigid underframe, single
sheaved, AAR mechanical designation
class XM.

Number of boxcars:

Reporting numbers:

NATIONAL RAILWAY UTILIZATION CORPORATION

BY: _____

RAIL FLEET CORPORATION

BY: _____

STATE OF)
) SS
COUNTY OF)

On this _____ day of _____, before me
personally appeared _____, to me personally known,
who being by me duly sworn, says that he is a _____ of
National Railway Utilization Corporation, that one of the seals affixed
to the foregoing instrument is the corporate seal of said corporation.

Notary Public

(SEAL)

STATE OF)
) SS
COUNTY OF)

On this _____ day of _____, before me
personally appeared _____, who being by me duly sworn,
say that he is a _____ of United States Trust Company of
New York and that one of the seals affixed to the foregoing instrument
is the corporate seal of such corporation.

Notary Public

(SEAL)

STATE OF)
) SS
COUNTY OF)

On this _____ day of _____, before me
personally appeared _____, to me personally known,
who by me being duly sworn, says that he is a _____ of
Rail Fleet Corporation, that one of the seals affixed to the
foregoing instrument is the corporate seal of said corporation.

Notary Public

(SEAL)